

**TESTIMONY OF SHARON DALY
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“MAKING ENDS MEET: CHALLENGES FACING
WORKING FAMILIES IN AMERICA”**

Mr. Chairman, Congressman Spratt, and members of the Budget Committee: My name is Sharon Daly, and I serve as Vice President for Social Policy at Catholic Charities USA. I would like to thank you for the opportunity to testify before this Committee on the challenges facing working families in America. Catholic Charities USA is the national association of more than 1,400 independent local Catholic Charities agencies and institutions with more than 250,000 staff members and volunteers. In 1999, Catholic Charities' programs served nearly 10 million people of all religions – or of no religion – and of every racial, ethnic and social background.

The Working Poor

On a daily basis, our agencies provide services to the struggling families who are the focus of today's hearing. The people coming through our doors are the people whose daily labors make life easier for all of us. They clean our houses and our office buildings. They care for our children in understaffed day care centers, or for our parents in nursing homes and long term care facilities. They stock the shelves in our supermarkets. They harvest our food in the fields, get meat and poultry to market in the slaughterhouses, and prepare food and serve it in restaurants and cafeterias. They have provided the difficult and often backbreaking labor that has played a large role in creating and sustaining this nation's recent economic boom.

Every day, Catholic Charities staff provide help to working parents who cannot afford to put food on the table after spending so much of their income on rent and child care. They see parents who are living in our shelters far from their children's schools, because there is no affordable housing available. They see parents who have worked for years at low wages with no benefits, who have been unable to afford regular check-ups and are now suffering from untreated diabetes, high blood pressure and heart disease. And our experience with these working families has led us to conclude that the federal government can and must do more to ensure that parents can provide for their children without having to come to Catholic Charities for a handout.

Consider, for example, that in the past year, requests for emergency food assistance nationwide, including at Catholic Charities agencies, were up 30 percent, mostly from the working poor. Indeed, according to our front line caseworkers, the typical family coming to us for emergency food assistance is a parent working at or even \$1 or \$2 above the minimum wage. Each month, after paying rent, utilities and child care costs, and arranging transportation to and from her job (often far from where she lives), she has no money left to put food on the table. And that's a good month. If she gets sick, for example, and has unpaid medical bills, or loses time off work, she will get behind in the rent.

The experience of our local agencies may seem difficult to reconcile with the generally positive economic news. How can it be that working families have to come to churches and charities for food when we are in the midst of the strongest economy that this country has ever seen? How can so many families be living so close to the edge when, as the Census Bureau figures tell us, in 1999 the nation's poverty rate fell to 11.8 percent, its lowest level since 1979, and poverty among African Americans fell to 23.6 percent, its lowest level ever?

This phenomenon is easier to understand if you look closely at the official definition of poverty, and compare that with what it really takes a family to live, factoring in the actual costs of the basic expenses: rent, utilities, child care, transportation to work, and of course, food. The fact is, parents aren't earning enough to cover these basic expenses and make ends meet without government assistance. And, unfortunately, government assistance has often been missing or inadequate. I would like to talk today about what the federal government can do to help these struggling families.

Before I get to my recommendations, I would ask that you enter into the record a story recently published in the Ford Foundation Report titled: "The Real Cost of Living: Self-Sufficiency May be the Next Frontier for U.S. Welfare Reform." Unlike the federal poverty guidelines, the Self-Sufficiency Standard is a precise measurement of how much income a family needs to manage without government assistance or private help, taking into account *actual, local costs* for basic needs like adequate housing, food that meets minimum nutrition levels, child care and transportation to work.

The article features the story of a low-wage mother of two young children, working 50 hours per week at \$8.50 per hour – or \$18,000 a year – yet struggling to make ends meet. Under the standard federal poverty measurement, this young mother is well over the threshold of \$14,630 for a family of three. Yet she walked into her local Catholic Charities agency in Allentown, Pennsylvania, for emergency food assistance. She would need to earn \$14.98/hour – almost double her current wage – to meet her family's basic needs without assistance. This example illustrates precisely the reason there is such a disconnect between the glowing accounts about reductions in child poverty and unemployment in the past five years, and the actual struggles of working parents who are truly living on the edge.

Addressing this growing disparity must be of primary concern to the federal government because, without government action, the situation will only get worse. Throughout the 1980s and 1990s, the richest one percent of Americans saw their wealth grow by an average of \$414,000 – an increase of 157 percent – while the poorest 20 percent of Americans saw their average wealth decrease by \$100.¹ While those at the top of the economic ladder are thriving, working parents are finding it impossible to provide

¹ "Pathbreaking CBO Study Shows Dramatic Increases in Income Disparities in 1980s and 1990s: An Analysis of CBO Data," Isaac Shapiro, Robert Greenstein, and Wendell Primus, Center on Budget and Policy Priorities, Revised May 31, 2001.

for their families. As the U.S. Conference of Catholic Bishops stated in its Pastoral Letter, *Economic Justice for All*:

The obligation to provide justice for all means that the poor have the single most urgent economic claim on the conscience of the nation . . . to see a loved one sick is bad enough, but to have no possibility of obtaining health care is worse. To face family problems . . . can be devastating, but to have these lead to the loss of one's home and end with living on the streets is something no one should have to endure in a country as rich as ours.

The poor cannot be helped only through private charitable giving or private volunteer efforts, though these are important components in any just society. Our Catholic teaching tells us that it is the also the responsibility of *society, acting through government*, to assist and empower the poor, the disadvantaged, the disabled, and the unemployed. The principle of subsidiarity is an important component of Catholic social teaching, but it does not mean that the federal government should cede responsibility for the poor. Rather, the principle of subsidiarity acknowledges that many challenges facing the poor are *national* in scope, will be beyond the capabilities of private charities, or even local and state governments, to address, and that can best be remedied by federal legislation. The factors that make it so difficult for working parents to provide for their families – working for less than a living wage, a shortage of affordable housing and quality child care, and a lack of access to health care – are national problems that require a national solution.

Recommendations for Reform

I. Congress should Increase the Minimum Wage

The most important change that the federal government should make to support working families is to substantially increase the minimum wage, and index it for inflation so that its buying power would not erode over time. Catholic social teaching tells us that raising the hourly minimum wage is not just an economic issue - it's a moral issue. In our Catholic teaching, all economic institutions have a responsibility to support the bonds of community and solidarity that are essential to human dignity. In other words, paying a decent living wage provides more than buying power; it recognizes the worth and humanity of our brothers and sisters, and when private employers fail to meet this standard, government must step in.

Current proposals would raise the minimum wage \$1.50 over two years. When implemented, this increase would give full-time workers an additional \$3,120 per year to help provide for their families. We would certainly welcome such a move, although even that increase is too little for families to exist solely on what they earn. As a result, the federal government and the states have an obligation to provide a variety of work supports that can bridge the gap between what working parents can earn and what it really costs to live in dignity. Over the long term, Congress should work steadily toward making the minimum wage a living wage.

II. Congress Should Enact Additional Work Supports for Low-Income Families

A. Affordable Housing for Low-Income Families

According to our member agencies, the number one problem of low-income families is the shortage of affordable housing. There is an affordable housing crisis in this country. HUD reports that the number of families who pay more than half their incomes for rent, live in severely substandard housing, or both, is at an all-time high. In March of 1999, HUD released a report titled *Waiting in Vain: An Update on America's Rental Housing Crisis*, which reported on families who endure waiting lists for years before finding affordable housing. And the situation is not improving. A report released last month by the National Housing Conference found that one out of every seven American families – 13 million in all – had a critical housing need in 1999.

In October of 1999, Catholic Charities of the Archdiocese of Chicago issued its own statement on the lack of affordable housing for low-income families. The conclusions in that paper are no different than what is being reported throughout the country: a shortage of 153,300 low-income rental units in the Chicago area; average rents of \$736 per month, a difficult figure for a minimum wage family to afford; and rents rising at nearly twice the rate of inflation. Out of that paper has developed a proposal that gets at the very heart of the housing crisis: the need for the federal government to do more to spur production of affordable housing stock. We have proposed a pilot project, building on the successful Section 202 program for the elderly, to create new housing stock for low-income families. Under our proposal, the federal government would provide funding to faith-based organizations to produce and maintain housing for low-income families. The housing would include supportive services for residents, ranging from job training to child care to parenting education. This program is a model that can be replicated throughout the country to fill the void left by private developers, who can make far more money building luxury and vacation homes for high-income families than affordable housing for working families. Simply put, without proactive measures by the federal government, our housing crisis will never be solved.

B. Increase Resources for Child Care

Next to the lack of affordable housing, our local agencies report that that lack of affordable, quality child care is a critical obstacle to success in retaining a job and advancing in the workplace. While Congress recently increased the FY 2001 Child Care and Development Block Grant (CCDBG) by a welcome \$817 million, there are still less than 20 percent of eligible children now receiving help. This is an increase up from 10 percent, so we are moving in the right direction, but there is still a long way to go.

There are a number of factors that make it difficult for low-income families to find or afford quality child care. Parents lacking job experience or skills frequently have to accept jobs on weekends or the night shifts, when office buildings need to be cleaned or fast food positions need to be staffed. Child care during these non-traditional hours is woefully scarce, and parents often must turn to substandard substitutes. In addition, state

subsidy rates are below the local fair market rates. Inadequate subsidies deprive parents of genuine options in choosing day care providers, keep poor children out of existing quality child care programs, and limit providers' ability to attract qualified staff with fairer salaries or improved benefits. And finally, child care workers are seriously underpaid; the average salary is \$14,000. These low salaries, which often don't include benefits, contribute to a high rate of staff turnover, which is difficult on the children in care. The inability to attract and retain quality workers to care for our nation's children is a problem that must be addressed. And, finally, there are not enough child care dollars to serve all who are eligible for assistance.

We urge Congress to increase the FY 2002 CCDBG budget by \$1 billion. This increase should be part of an annual Congressional commitment to narrowing the gap between the children who receive CCDBG aid and the number who need it. And CCDBG funds must be used to address the urgent need for more child care facilities to provide non-traditional hours of service.

In addition, Congress should pass the "Child Care Quality Incentive Act" (H.R. 2097/S. 1000). This legislation, introduced in the House by Representative Sanford Bishop and in the Senate by Senator Jack Reed, provides incentives for states to increase quality, including tools to allow states to attract and retain qualified staff; provide salary increases and benefits to child care workers; maintain healthy environments in child care centers; and purchase basic supplies and educational materials.²

I would add one additional note on this subject. Catholic Charities USA, along with numerous other organizations, has long urged Congress to restore funding for the Social Services Block Grant (SSBG), which provides a wide range of services to the poorest and most vulnerable Americans. Programs funded under SSBG have had to be scaled back in recent years, since Congress transferred part of the budget authority for SSBG to federal highway programs. The just-published SSBG Annual Report on Expenditures and Recipients for 1999, reports that:

Twelve and a half million individuals in the country received services that were funded at least partially by the SSBG...Child day care, with the support of SSBG, served the largest number of recipients. Forty three states reported SSBG expenditures for child day care; 2.62 million children received day care services supported at least partially by the SSBG. In other words, nearly half of all child recipients (6.8 million [54 percent] of all recipients of the 1999 SSBG) received child day care services. **Expenditures of \$397 million for child day care, the largest category of SSBG expenditures**, accounted for 13 percent of all SSBG expenditures.

In light of this report, Congress should take steps to restore SSBG funding, in addition to the reforms mentioned above, as a means of increasing access to affordable child care.

² H.R. 2097 currently has 60 cosponsors, while S. 1000 has 5 cosponsors.

C. Increase Access to Health Care

Catholic Charities USA has long advocated for the adoption of universal health coverage, which would allow all individuals to receive on-going, preventive care when they are healthy, and necessary corrective care when they are ill. While we realize that Congress is unlikely to consider proposals for universal coverage in the 107th Congress, we have been encouraged by statements made during discussions on a Patient's Bill of Rights indicating that Congress should do more to help the nearly 43 million individuals who currently lack health insurance.

In fact, Congress can take a significant step toward greater access to insurance *this year* by expanding Medicaid and SCHIP to cover working parents and children with disabilities. Many people mistakenly believe that families living at or below the poverty level receive health care coverage through Medicaid. While that is true for low-income *children*, the same can not be said for low-income parents. Indeed, a study just released by Families USA found that 81 percent of low-income, uninsured adults do not qualify for Medicaid or other public health coverage in their states. The vast majority of the uninsured are in working families.³

The budget resolution recently approved by both houses of Congress provides \$28 billion to spend on health care for the uninsured. This provision will be meaningless, however, if Congress does not pass authorizing legislation and appropriate the funds. We hope that Congress will act soon to use this money to provide coverage under Medicaid and SCHIP to working parents and pregnant women. This is particularly important in light of recent studies demonstrating that providing public health coverage to parents leads to increased enrollment in public health programs by their children. When parents are included in state health programs, their kids benefit – often dramatically. As a study by the Center on Budget and Policy Priorities showed, states that expanded their public health programs to parents saw children's participation rates increase significantly, from 51 percent to 67 percent, compared to an increase of 51 percent to 54 percent in states without similar expansions.⁴

We know that there is a clear correlation between lack of insurance and access to health care. The uninsured have more difficulty obtaining primary care and access to essential medication, and have a higher rate of hospitalization for treatable conditions such as hypertension, asthma or diabetes. It is simply unacceptable that so many hard working Americans, whose daily labors make life easier for all of us, must suffer the consequences that result from being uninsured.

While we are on the subject of health care, I would like to mention two areas of health care that our agencies deal with quite frequently: substance abuse and mental health. According to the Office of National Drug Control Policy's 2001 Annual Report, more than five million

³ "The Health Care Safety Net: Millions of People Left Uninsured," a report of Families USA, July 2001

⁴ "The Importance of Family-Based Insurance Expansions: New Research Findings about State Health Reforms," Leighton Ku and Matthew Broaddus, Center on Budget and Policy Priorities, September 4, 2000.

individuals are in need of immediate treatment for drug abuse, yet less than half of those individuals will receive it. Our agencies report the same sad story, frequently having clients for whom no treatment is available. This “gap” in treatment resources has significant negative consequences for society, including decreased family stability, lower worker productivity and higher crime rates. We know that effective substance abuse treatment works. By devoting additional resources to fund substance abuse treatment programs – and particularly integrated treatment for individuals who suffer from both substance abuse and mental health disorders – Congress could help reduce the gap in unmet substance abuse treatment needs.

Two bills pending before Congress would do just that. Representatives Charles Rangel and Ben Cardin, and Senators Olympia J. Snowe and John D. Rockefeller, have introduced H.R. 1909, the “Child Protection/Alcohol and Drug Partnership Act of 2001” (H.R. 1909/S. 484). This legislation would provide funding to promote joint activities among federal, state and local child welfare and alcohol and drug abuse prevention and treatment agencies.⁵ Senators Orrin Hatch, Patrick J. Leahy, and Joseph R. Biden have introduced S. 304, the “Drug Abuse Education, Prevention, and Treatment Act of 2001,” which would provide additional federal funds for programs ranging from jail-based substance abuse treatment to residential treatment centers for women with children to treatment for persons living in rural states and economically depressed communities.⁶

Similarly, we urge Congress to pass S. 543, the “Mental Health Equitable Treatment Act of 2001,” introduced by Senators Pete Domenici and Paul Wellstone.⁷ S. 543 will prevent group health plans from imposing different treatment limitations and financial requirements on individuals suffering from mental illnesses than those imposed on individuals suffering from physical illnesses. According to the Department of Health and Human Services, each year 56 million Americans experience a diagnosable mental disorder, but only one in four adults and one in five children receive necessary treatment. We know that when properly designed and administered, treatment for mental illness is every bit as effective as treatment for physical illnesses. Yet, as a General Accounting Office report found last year, many insurers continue to impose limits on mental health benefits that are more restrictive than those for medical or surgical benefits.

Left untreated, mental illness can take a remarkable toll. The economic burden of mental illness in the United States is \$170 billion per year, yet the human cost born by individuals suffering from such conditions, and on their families, cannot be estimated. Passage of S. 543 can help to ensure that individuals suffering from mental illness can receive the treatment necessary for them to live in dignity and lead healthy, productive lives.

⁵ Representatives William J. Coyne, Sander M. Levin, Robert T. Matsui, Michael R. McNulty, Pete Stark and Karen L. Thurman have cosponsored H.R. 1909; Senators John B. Breaux, Susan M. Collins, Michael DeWine, Christopher J. Dodd, Bob Graham, James M. Jeffords, John F. Kerry, Mary L. Landrieu and Blanche L. Lincoln have cosponsored S. 484.

⁶ Senators Mike DeWine, Dianne Feinstein, Bob Graham and Strom Thurmond are cosponsors of S. 304. There is not yet a companion bill in the House of Representatives.

⁷ There are 48 additional cosponsors of S. 543. There is not yet a companion bill in the House of Representatives.

D. Strengthen Working Families

There are a number of other initiatives that would greatly contribute to the living standards of the working poor. I would like to highlight three in particular, all of which are included in S. 685, the “Strengthening Working Families Act,” introduced in the Senate by Senators Evan Bayh and Olympia J. Snowe.⁸

First, S. 685 would promote responsible fatherhood by funding programs designed to support and sustain marriage, encourage non-custodial parents to become more involved in the lives of their children, and provide job training and other services to help non-custodial parents contribute to the support of their children. As a general matter, children raised with the involvement of both parents develop fewer behavioral problems, perform better in school, and experience higher levels of sociability. In addition, children raised in two parent families are less likely to be raised in poverty. For those reasons, we strongly support programs that seek to increase the number of fathers who are involved in their children’s lives.

Second, the bill would allow states to “pass through” child support payments directly to custodial parents and their children. Under current law, a family receiving cash assistance under the Temporary Assistance to Needy Families (TANF) program is required to assign to the state its right to child support payments during the assistance period. This can be discouraging for non-custodial parents who pay support for their children, only to see the money retained by the state instead. For families that are struggling to become self-sufficient, child support payments can provide a critical boost. Indeed, studies have shown that when households headed by single mothers receive child support payments, their poverty rate drops from 33 percent to 22 percent.⁹ By allowing for a child support pass through, Congress can ensure that child support paid by non-custodial parents, primarily fathers, reaches the children who need it, and can give low-income families the help they need to succeed without welfare.

And third, the bill would increase the Earned Income Tax Credit (EITC) for low-income families with three or more children and simplify the EITC rules, thus improving taxpayer compliance and reducing error rates. The EITC is the only individual tax credit that provides a federal payment when a filer’s tax credit exceeds income tax liability, lifting 2.6 million children out of poverty while encouraging work. While middle income and affluent families get the full benefit of the personal exemption for all of their children, low-income working parents receive the EITC for only a maximum of two children. Child poverty rates are significantly higher among families with three or more children (28.6 percent) than families with two children (12.4 percent).¹⁰ Given the

⁸ Senators John B. Breaux, Thomas R. Carper, Hillary Rodham Clinton, Christopher J. Dodd, Bob Graham, Tim Johnson, Herb Kohl, Mary L. Landrieu, Joseph I. Lieberman, Blanche L. Lincoln and John D. Rockefeller IV are cosponsors of S. 685

⁹ Testimony of Vicki Turetsky, Senior Staff Attorney, Center for Law and Social Policy, before the Subcommittee on Human Resources, Committee on Ways and Means, U.S. House of Representatives, May 18, 2000.

¹⁰ “Should EITC Benefits be Enlarged for Families with Three or More Children,” Center on Budget and Policy Priorities, July 10, 2000.

EITC's proven role in lifting families out of poverty, expanding the credit for families with more than two children is an important step in addressing this problem. (The bill also restores the Social Services Block Grant, an issue discussed in Section II.B. above.)

III. Congress Should Make TANF Work Better for Low-Income Families

Most low-income families are not receiving, and have never received, welfare benefits. Yet we cannot adequately address the problems of *all* low-income families if we don't consider the needs of parents who are struggling to make the transition from welfare to work. In less than one month, we will observe the five-year anniversary of the creation of the Temporary Assistance to Needy Families Program (TANF). As this anniversary approaches, pundits and policymakers will be debating whether welfare reform has been a success or a failure. The answer to this question depends, in large part, on what we define as success.

If the goal of welfare reform was to reduce welfare caseloads, it is difficult to argue that TANF has not succeeded. Between 1994 and 1999, welfare caseloads were cut in half. For many, that is all the proof they need that welfare reform has worked.

If, however, the goal of welfare reform was to lift people out of poverty, and to help them live their lives in dignity, the conclusion is not so simple. In 1994, Catholic Charities USA issued a position paper on welfare reform, titled *Transforming the Welfare System*. In that paper, we made the point that there is a difference between making people work, and making work pay. The reports we receive from our local agencies underscore this point. They tell us that, while parents are leaving TANF for work, the jobs they secure often keep them at or near the federal poverty level. And the longer they are off cash assistance, the more likely they are to lose the link to a number of important income support programs, like food stamps or Medicaid, that can help them provide for their families. It is then that they turn to churches and charities for help in making ends meet.

A recent editorial from the Chicago Tribune underscores the need for TANF to provide more support to working families. The editorial references a recent audit conducted by the state of Wisconsin – a state that has done more than many others to support individuals leaving the welfare rolls for work – which found that *less than half* of those who left the welfare for work in early 1998 earned enough to lift them above the official federal poverty threshold three years later.¹¹ If that is what is happening to welfare leavers in one of the states doing the most to support work, it is clear that more must be done. The upcoming reauthorization of TANF provides us with a prime opportunity to make the program more supportive of working parents. Among our recommendations for the upcoming reauthorization are the following:

A. Poverty Reduction: First, *actual* poverty reduction should be made an official purpose of the TANF program, and states should be given bonuses tied to poverty

¹¹ "The Future of Welfare Reform," The Chicago Tribune, July 30, 2001

reduction. We know from past experience that states respond to fiscal incentives when they are written into federal welfare law.

It is important that poverty reduction under TANF be calculated according to a meaningful measure. We cannot evaluate poverty reduction using the federal poverty guidelines. These guidelines are outdated, and no longer provide a useful measurement of what a family requires to live without assistance from government agencies or private charities. Federal poverty guidelines are based on the premise that a family's primary expense is food. Today's families spend the bulk of their income on housing and child care. Using the federal poverty guidelines to measure poverty reduction would allow states to collect rewards for reducing poverty without guaranteeing that more families can survive on what they earn. Poverty reduction measures should be based on progress toward a living wage, one that represents what families need in their own communities to make ends meet.

B. Education and Training: Congress must find a way to ensure that families on TANF have an opportunity to move up the wage ladder. Too often, parents leave TANF for low-skill, low-paying positions that may never lead to a living wage. This can be addressed by providing TANF parents with better access to continuing education – particularly post-secondary education – and job training programs. Numerous studies have shown that, for women leaving welfare, education beyond high school is a key factor in moving up the economic ladder. Yet as a general rule, TANF policies have not allowed recipients to pursue post-secondary educational activities. In light of the evidence demonstrating that better education leads to better outcomes, it is counterproductive to put in place policies that discourage or fail to support higher learning. Congress should take steps to encourage programs like Maine's "Parents as Scholars," which stops the TANF clock while recipients pursue post-secondary education. Wyoming also has a similar program in place.

C. Wage Supports: States should be provided with strong incentives to use TANF funds to provide workers with wage supplements. These stipend payments can help families meet work expenses or other needs that their minimum wage earnings are insufficient to handle. Texas recently initiated a program to provide families with stipends of at least \$1200 per year to meet work expenses.

D. Transitional Benefits: While many families *remain eligible* for health care, food and child care assistance, they have been losing these vital supports upon leaving TANF, due to widespread confusion and the existence of numerous administrative barriers. States should be *required to automatically* enroll families leaving TANF for work for one full year in the Food Stamps Program, Medicaid, and child care assistance programs.

Almost two-thirds of families leaving TANF *do not receive food stamps* in the six months after leaving welfare, although numerous studies show that most continue to live *below the poverty line* and even more fall within the Food Stamp Program's income limit (130% of the poverty level). Many don't realize they are still eligible, and the states don't do a good job of telling them. Many can't afford to take a day off from their new

jobs to go down to the welfare office and apply in person. States should automatically provide the family with the same level of food stamp benefits that it was receiving while on TANF for a period of 12 months. States should not make it difficult for the family by imposing additional administrative requirements. The TANF computer should simply tell the Food Stamp computer that this family is eligible, and the family should be issued an electronic benefit card or food stamps.

Similarly, families leaving welfare for work are currently eligible for up to one year of transitional Medicaid coverage, but they often aren't getting it, for the same reasons they aren't getting Food Stamps – they aren't aware they are eligible, or they aren't able to satisfy burdensome requirements. Again, the TANF computer should simply see to it that the family leaving for work is issued a Medicaid card covering all members of the family for a full year.

Finally, a parent's ability to secure child care is a crucial factor in determining whether the family will succeed in the transition from TANF; yet *only 30% of families leaving TANF receive child care assistance*. As a condition of receiving the federal funds available each year through the Child Care Development Fund block grant, Congress should require states to *guarantee* child care assistance to families making the transition from TANF (and to make that guarantee *known*). Of course, any federal child care requirement would need to be accompanied by an increase in funding of the Child Care and Development Fund, and contain appropriate safeguards to ensure that the guarantee of assistance to families leaving TANF does not crowd out child care and other assistance to families currently on TANF.

E. Food Stamp Reform: In addition to providing transitional food stamp benefits, states should be required to encourage working families to apply for food stamp benefits, and to simplify their application procedures so families can access the benefits to which they are entitled. Working adults cannot afford to spend a full day at the welfare office every few months, filling out a 26 page application, supplying 14 kinds of verification, and enduring the condescension of the eligibility worker. To do so is to risk not only a day's wages, but also quite possibly a job. When you consider that current rules in many states require working parents on food stamps to reapply in person every three months, it is no wonder that less than half of eligible households are participating in the program.

Families should be able to apply for food stamps by mail with income verified by employers, if necessary, to avoid the necessity of losing time from work for an interview. States should also make efforts to develop and implement a comprehensive communications strategy informing families that their food stamp eligibility is not affected by the TANF time limits.

F. Restoration of Benefits For Legal Immigrants: Congress should also act to ameliorate some of the harshest provisions of the 1996 welfare law: those provisions barring *legal* immigrants who entered the country after August 22, 1996, from receiving public benefits. At a minimum, Congress should restore eligibility for Medicaid, SCHIP and food stamp benefits to legal immigrant children and pregnant women.

Under current law, pregnant women and children who are legal residents and arrived in the United States after August 22, 1996, are barred for five years from receiving Medicaid and SCHIP benefits. Pregnant women and sick children cannot wait five years to get the medical attention they need. The important goals of Medicaid and SCHIP are undermined when states are not permitted to use federal funds to provide preventive and other basic health care services to lawfully present immigrants. Representatives Lincoln Diaz-Balart and Henry Waxman, and Senators Bob Graham, Lincoln Chafee and John McCain have introduced the “Legal Immigrant Children’s Health Improvement Act” (H.R. 1143/S. 582)¹², which gives states the option to extend Medicaid and SCHIP benefits to these women and children. Congress can lessen the chance that these children will develop long-term and chronic health problems, and instead help guarantee that they can become productive members of our society.

Similarly, a growing child’s need for adequate nutrition is not lessened merely because the child is a legal immigrant. The Food Stamp Program, by supplementing the limited purchasing power of low-income households, helps to alleviate hunger and malnutrition for poor individuals and their families. While our nation as a whole is enjoying great prosperity, too many working families, including legal immigrant working families, have not shared in that prosperity. Their daily labors make life easier for all of us, but their take-home pay is often insufficient to cover rent, child care, clothing and transportation costs, and still have enough left to pay for their food. Representative James T. Walsh, and Senators Edward M. Kennedy and James M. Jeffords have introduced the “Nutrition Assistance for Working Families and Seniors Act” (H.R. 2142/S. 583)¹³, which would restore Food Stamp benefits for legal immigrants, among other provisions. Passage of the bill will ensure that these working families can provide their children with the nutrition they need for healthy development.

Efforts to restore Medicaid, SCHIP and Food Stamp benefits have broad bipartisan support and further basic notions of fairness and common sense. According to the National Academy of Sciences, the average immigrant contributes \$1,800 each year more in taxes than he or she costs federal, state and local governments. Immigrants pay taxes to support services to others; they too should have access to assistance when they fall ill. In addition, the babies born to legal immigrant mothers will automatically be U.S. citizens upon their birth and will immediately be eligible for federally supported health care. As has been repeatedly demonstrated, the costs of prenatal care and adequate nutrition for legal immigrant mothers will be offset by reduced Medicaid costs for their babies. Indeed, the U.S. saves \$3 for every \$1 it spends on prenatal care. Even more important, these newest little citizens should get a healthy start in life.

¹² H.R. 1143 has 89 additional cosponsors, while S. 582 has 20 additional cosponsors.

¹³ H.R. 2142 has 32 cosponsors, while S. 583 has 14 additional cosponsors.

IV. Congress Should Address the Needs of Undocumented Workers, and Enforce Fair Labor Standards for all Workers:

Before I conclude, I would like to say a few words about segment of low-income working families that is all too often overlooked: undocumented workers. According to a study conducted by the Urban Institute, more immigrants entered the United States in the 1990's (roughly eleven million people) than in any decade ever. These newcomers have helped to fuel and sustain an unprecedented growing American economy. However, according to this same study, in 1999, 21.3 percent of foreign-born non-citizens lived below the federal poverty level, compared to 11.2 percent of those of us who are native-born Americans.

The millions of workers who come to this country without documents have not done so on a lark. They have risked paying the ultimate penalty to come to America and work for sub-minimum wages, in inhumane conditions, just so that their children and their families can have a chance at survival. They are often openly welcomed by businesses, as they are willing to perform tasks that you or I would turn our noses up at. Indeed, everyone in this room has a better quality of life because of their presence.

Despite their contributions to our society, non-citizen immigrants are allowed to live in poverty and are exploited at every possible opportunity. Along with subsistence-level wages, our local Charities agencies all across the country tell us that the non-citizen immigrant families they serve are subjected to poor housing conditions, a high level of hazardous working conditions, and a lack of affordable health care. Most of these injustices can be effectively dealt with if these non-citizen immigrants were allowed to become legal permanent residents and work legally in this country. Such a move would allow them to be covered by wage and hour laws.

Conclusion:

In conclusion, I want to thank this Committee for focusing attention on the growing problem of working families who simply aren't able to make ends meet. It does not seem right that families who work hard and play by the rules remain unable to save money for their children's college education, to buy their own home, or to otherwise pursue the American dream, because they are too busy trying to keep the wolf from the door. For these families, the daily dilemmas they face are ones that are foreign to most on this Committee: Will I pay the heating bill, or buy clothes for my children? Will I pay the rent, or fix the car I need to get to work? Do I go to see a doctor for my nagging illness, when I know I will need that money to buy food? But as workers at Catholic Charities agencies throughout the country can tell you, these dilemmas are all too real.

It is our hope that today's hearing will lead to enactment of proposals that will address the growing disparity between rich and poor, and give low-income workers the help they need to not only survive, but to thrive.